

NATIONAL RAILWAY UTILIZATION CORP.

1100 Centre Square East / 1500 Market Street / Philadelphia, Pennsylvania 19102 / (215) 569-2220

10815/A

RECORDATION NO. Filed 1425

SEP 14 1979 - 2 00 PM

INTERSTATE COMMERCE COMMISSION

Mrs. Mildred R. Lee
Interstate Commerce Commission
12th & Constitution Avenue
Room 2303
Washington, DC 21202

RECORDATION NO. Filed 1425

SEP 14 1979 - 2 00 PM

INTERSTATE COMMERCE COMMISSION

Dear Mrs. Lee:

It is respectfully requested that the following documents be recorded according to 49 U.S.C. 11303 of the Interstate Commerce Commission Act:

1. Management Agreement dated as of September 7, 1979 between National Railway Utilization Corp. (manager) and Balard Leasing (owner).
2. Security Agreement dated as of September 14, 1979 between Balard Leasing Corp. (debtor) and Girard Bank (secured party).
3. Assignment of Management Agreement dated as of September 14, 1979 with Balard Leasing Corp. as assignor.
4. Consent and Agreement dated as of September 14, 1979 with National Railway Utilization Corp.

These documents are covering one-hundred (100) 50'6", 70 ton, general purpose XM boxcars bearing the road numbers (See Schedule A attached).

The addresses of the parties to the transactions are:

National Railway Utilization Corp.
1100 Centre Square East, 1500 Market St.
Philadelphia, Pa. 19102

Balard Leasing Corporation
Three Radnor Corporate Center
100 Matsonford Road
Radnor, PA 19087

Girard Bank - National Division
Three Girard Plaza, 8th floor
Philadelphia, PA 19101

Sincerely,

Richard J. Kelly

Richard J. Kelly,
Vice President

RJK/km
Encl.

10815

RECORDATION NO. Filed 1425

September 14, 1979 SEP 14 1979 - 2 00 PM

INTERSTATE COMMERCE COMMISSION

10815/B

SEP 14 1979

Date

Fee \$

ICC Washington

10815/C

RECORDATION NO. Filed 1425

SEP 14 1979 - 2 00 PM

INTERSTATE COMMERCE COMMISSION

Carolee P. Madsen

RECEIVED
SEP 14 1 50 PM '79
FEE OPERATION BR.

NSL 151644

NSL 151546 - 151548 ✓
151551 - 151556 ✓
151558 ✓

NSL 151606 - 151615 ✓

NSL 151544 ✓
151549 - 151550 ✓
151557 ✓
151559 - 151560 ✓
151591 - 151605 ✓
151616 - 151620 ✓

PT 206040 ✓
206043 - 206048
206056 - 206066

NSL 151485 - 151500 ✓
151502 - 151509 ✓
151514 - 151518 ✓
151521 ✓
151522 ✓
151524 ✓

NSL 151625 - 151627

Interstate Commerce Commission
Washington, D.C. 20423

9/14/79

OFFICE OF THE SECRETARY

Richard J. Kelly
Vice Pres.
Natl. RYW. Utilization Corp.
1100 Centre Square East
1500 Market Street
Phila. Pa. 19102

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/14/79 at 2:00pm , and assigned re-
recording number(s). 10815,10815-A,10815-B,10815-C

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

Duplicate

THIS AGREEMENT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE APPLICABLE SECURITIES ACT OF ANY STATE. NO OFFER TO SELL, SALE OR OTHER TRANSFER OF THIS AGREEMENT OR THE RIGHTS HEREUNDER MAY BE MADE UNLESS A REGISTRATION UNDER SUCH ACTS IS IN EFFECT, OR AN EXEMPTION FROM THE REGISTRATION PROVISIONS OF SUCH ACTS IS THEN APPLICABLE.

10815
REGISTRATION NO. 14 1979-2 00 PM
FILED 1425
INTERSTATE COMMERCE COMMISSION

MANAGEMENT AGREEMENT

THIS AGREEMENT, dated as of *Sept 7*, 1979, between NATIONAL RAILWAY UTILIZATION CORPORATION ("NRUC"), and BALARD LEASING CORPORATION ("Owner").

W I T N E S S E T H:

WHEREAS, Owner pursuant to a certain Purchase Agreement of even date herewith ("The Purchase Agreement") has agreed to purchase the boxcars listed in schedule 1 hereto ("The Boxcars") and has agreed to retain the services of NRUC as the Owner's agent for managing the Boxcars as provided herein; and

WHEREAS, NRUC is willing to accept such appointment as agent, and to perform management services for the account of Owner pursuant to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

1. Appointment of Agent; Acceptance. Subject to and in accordance with the terms and conditions of this Agreement, the Owner hereby appoints NRUC as agent of the Owner to manage the operation of the Boxcars for the account of and on behalf of the Owner and NRUC hereby accepts such appointment.

2. Term. The term of this Agreement with respect to each Boxcar shall commence on the date of execution of a Certificate of Acceptance with respect to such Boxcar as provided in Section 3 of this Agreement and shall expire on April 15, 1990, unless extended in accordance with the provisions of Section 16 hereof.

3. Delivery, Acceptance and Ownership of Boxcars.

(a) Upon delivery of each Boxcar to a point designated by NRUC (such delivery is to be to a point which will not subject Owner to any sales taxes on its purchase of such Boxcar and is to be effected prior to any placement in service of such Boxcar), NRUC will inspect the same and, if such Boxcar shall be found to be in good order, accept the same for the Owner by executing a Certificate of Acceptance in the form attached hereto as Exhibit "A". Upon

execution of such Certificate of Acceptance such Boxcar shall be deemed to be subject to this Agreement. NRUC agrees to deliver to the Owner executed copies of each such Certificate of Acceptance. NRUC shall bear all costs of the inspection and certification of the Boxcars as herein provided and all costs of movement and storage for each Boxcar incurred prior to the time such Boxcar commences earning revenue.

(b) The execution of a Certificate of Acceptance as to each Boxcar by NRUC shall, inter alia, constitute a representation and warranty by NRUC that (i) such Boxcar has been manufactured in accordance with specifications approved by NRUC, which specifications are at least equal to the specifications which NRUC requires boxcars purchased by NRUC from other manufacturers to meet such as specification C78-1016-1 as to boxcars purchased from Berwick Forge and Fabricating Division, Whittaker Corporation; (ii) such Boxcar meets all standards for boxcars of similar class and for class "XF" boxcars imposed by government and industry authorities the rules or regulations of which may be applicable; (iii) the original use of such Boxcar within the meaning of Treasury Regulation 1.167(c)-1(a)(2) will be deemed to commence with the Owner; (iv) such Boxcar will constitute "new Section 38 property" within the meaning of Treasury Regulation 1.48-2(a); (v) such Boxcar will be first placed in service within the meaning of Treasury Regulation 1.167(a)-11(e)(1) on the date of the Certificate of Acceptance; (vi) NRUC has caused the Owner to be named as an additional insured under its combined single limit liability insurance policy and has caused such Boxcar to be specifically referenced in such policy; and (vii) if directed by Owner under subparagraph 21(a) of this Agreement, NRUC has obtained the physical damage insurance with the Owner being named as an insured thereunder.

(c) The parties agree that the Owner shall at all times be and remain the owner of the Boxcars, and that nothing in this Agreement is in any way intended to grant any ownership interest or property right in the Boxcars to NRUC or to any railroad whose markings appear on the Boxcars. Further, NRUC will not directly or indirectly create or suffer to exist, any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Boxcars in favor of persons claiming through or under NRUC or through or under any railroad whose markings appear on the Boxcars or arising out of a breach by NRUC of its obligations hereunder. NRUC will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest or claim in favor of persons claiming through or under NRUC or through or under any railroad whose markings appear on the Boxcars, or arising out of a breach by NRUC of its obligations hereunder and shall indemnify Owner and hold the Owner harmless from and against all claims, damages and expenses arising out of any such third party claim.

4. Powers, Duties, and Responsibilities of NRUC. The agency and management functions, and the powers, duties and responsibilities of NRUC hereunder, shall include those specifically set forth in this Section 4 and such other duties and responsibilities as shall be set forth elsewhere in this Agreement and as shall be agreed upon from time to time by the parties hereto:

(a) NRUC shall manage and arrange for the utilization of the Boxcars in per diem service integrated with the per diem service fleet of Boxcars managed by NRUC for its own account and the accounts of others and shall perform all necessary administrative acts to obtain the proper and maximum utilization of said Boxcars for the benefit of Owner and for the protection of the Owner's interest therein.

(b) NRUC shall make available for the Boxcars the markings of a railroad owned or controlled by NRUC. NRUC agrees that on or before delivery of the Boxcars to NRUC and prior to NRUC executing a Certificate of Acceptance, NRUC shall cause the Boxcars to be lettered with proper railroad markings and the name and/or other insignia used by such railroad. Such names and/or insignia shall comply with all applicable regulations of the Interstate Commerce Commission ("ICC") and the Association of American Railroads ("AAR") and any other government or industry agency or association the rules of regulations of which may be applicable.

(c) NRUC shall prepare for filing and shall cause to be filed in a timely manner all documents relating to the registration, maintenance and record keeping functions for the Boxcars in accordance with the rules and regulations of the AAR, ICC, Department of Transportation ("DOT") and any other government or industry authority. Such matters shall include, but shall not be limited to, the preparation and timely filing of documents as follows: (i) NRUC shall, at its expense, file a counterpart of this Agreement and of each Certificate of Acceptance delivered to Owner hereunder with the ICC pursuant to Section 11303 of title 49 of the United States Code; (ii) NRUC shall cause the registration of each Boxcar in the Official Railway Equipment Register ("ORER") and the Universal Machine Language Equipment Register ("UMLER") directing, among other things, that all correspondence and remittances from railroads using such Boxcars shall be to NRUC; and (iii) NRUC shall prepare and cause to be filed such reports as may be required from time to time by the ICC and/or regulatory agencies with respect to the Boxcars. Any record keeping performed by NRUC and all records of payments and charges and all correspondence relating to the Boxcars shall be separately recorded and maintained by NRUC in a form suitable for reasonable inspection by the Owner, or any person designated by the Owner from time to time during regular business hours of NRUC. NRUC shall supply the Owner with such reports regarding the use of the Boxcars as the Owner or his designee may reasonably request. NRUC

shall provide the Owner with all information reasonably necessary for preparation of Federal income tax and other tax returns.


(d) NRUC shall perform all car accounting services for the Boxcars and send reports to the Owner on a quarterly basis not more than 15 days after the end of each calendar quarter itemizing all revenues received and expenses paid (i.e., on the cash basis) during such quarter.

(e) NRUC will at all times while this Agreement is in effect furnish, at NRUC's expense, combined single limit liability insurance insuring NRUC and the Owner in an amount not less than \$10,000,000 for each person and \$10,000,000 for each occurrence for liability arising out of bodily injury and property damage as a result of the ownership and operation of the Boxcars. NRUC shall furnish the Owner with a Certificate of Insurance confirming that the Owner is named as a additional insured under such policy and that each of the Owner's Boxcars is referred to in such policy. NRUC shall obtain and maintain, at the expense of the NRUC, physical damage insurance for each boxcar in an amount not less than the original invoice price thereof, with a \$500 deductible applicable on a per Boxcar basis. The cost of such physical damage insurance and liability insurance shall be paid by NRUC. NRUC shall not deduct such amounts from the Owner's "Aggregate Net Revenues" as hereinafter defined. NRUC shall furnish the Owner with a Certificate of Insurance confirming that the Owner is the named insured under such physical damage insurance. The liability and physical damage insurance policies shall provide that Owner shall be given at least thirty (30) days' notice prior to the cancellation or termination of such policy, and the Certificate of Insurance shall confirm that such policies so provide. Upon written request NRUC will provide Owner copies of such policies. Upon request by Owner, NRUC shall cause Lender (as hereinafter defined) to be named as an additional insured under the liability insurance and as the loss payee under the physical damage insurance. The Certificates of Insurance furnished by NRUC shall reflect that the policies have been endorsed to accomplish the foregoing. Anything to the contrary herein notwithstanding, NRUC, with the prior written consent of Owner and Lender, may elect to assume the risk otherwise covered by the aforesaid physical damage insurance to the extent agreed upon by Owner and Lender (such written consent hereinafter called the "Assumption Risk Agreement").

If at any time the general liability insurance maintained on the Boxcars as described above, or the physical damage insurance described above during such time as NRUC has not elected to assume the risk of coverage as aforesaid, shall lapse or have limits lower than as described above for whatever reason, NRUC shall immediately upon receipt of notice of the lapse of, or decrease in, such insurance coverage, give written notice to Owner of the same.

NRUC shall notify Owner promptly with respect to any default in payment of any premium or of any other act or omission of NRUC or of any other party of which it has knowledge which might n invalidate, or render unenforceable, or result in a lapse of or Owner reduce, any insurance coverage on the Boxcars maintained pursuant to this Agreement.

(f) NRUC shall monitor, make, or cause to be made, such inspections of and maintenance and repairs to the Boxcars, including replacement of parts, as may be required to maintain the Boxcars in good condition (ordinary wear and tear excepted), in good working order and in compliance with all applicable rules and regulations of government and industry authorities relating to the qualification of the Boxcars for use in the Railroad Interchange System throughout the term of this Agreement. All expenses of maintenance and repairs shall be paid directly by the Owner (but NRUC shall have the right to pay such expenses on behalf of the Owner and to deduct such amounts from the Owner's Aggregate Net Revenues). However, if Owner shall have entered into an Optional Boxcar Maintenance Agreement with NRUC (an "Optional Maintenance Agreement"), then the terms thereof with respect to expenses of maintenance and repair shall control. If such Optional Maintenance Agreement is in effect then NRUC shall pay the maintenance fees due it on behalf of Owner by deducting such fees when due from the Owner's Aggregate Net Revenues. NRUC agrees that it shall reasonably pursue all claims against third parties for damage to the Boxcars on behalf and at the expense of NRUC. The Owner agrees that, with respect to any claim or right against any third party relative to the physical condition of any Boxcar, the Owner shall, to the extent reasonably required to permit NRUC to seek recovery from such third party, assign such claim or right to NRUC. Such recovery shall be for the benefit of NRUC to the extent NRUC is obligated to bear the cost or expense of repairs or is obligated to pay Owner under the property damage insurance coverage (or pursuant to the Assumption of Risk Agreement) because of a Casualty Occurrence) to the Boxcars for which recovery is sought, ^{other than} such recovery shall be for the benefit of the Owner.



(g) NRUC shall make, or cause to be made, in either case at the expense of the Owner, all alterations or modifications to the Boxcars required by government or industry regulations; provided, however, if the direct costs of such alterations or modifications

shall exceed \$500 per Boxcar (computed cumulatively from the date of the Certificate of Acceptance as to such Boxcar), then NRUC shall first give the Owner prior written notice of the proposed alterations and modifications and an estimate of the cost thereof, and NRUC shall not thereafter make or cause such modifications to be made if the Owner advises NRUC in writing within fifteen days after receipt of such notice that Owner does not desire to have such alterations or modifications made. In the event Owner elects not to proceed with such required alterations or modifications, NRUC may elect to terminate this Agreement as to the Boxcars requiring such alterations or modifications upon five days' prior written notice to Owner, in which event subparagraph 14(b) regarding delivery of the Boxcars shall apply. In the event that alterations or modifications are required to correct a manufacturer's defect, then such alterations and modifications shall be at the expense of NRUC if the Optional Maintenance Agreement is in effect. Nothing in this subparagraph shall affect the rights of the Owner as against the manufacturer, if any.

(h) NRUC shall ensure that no Boxcar will be used predominantly outside the United States within the meaning of Section 48(a)(2)(A) of the Internal Revenue Code of 1954 (as amended), or any successor provisions thereof, and applicable regulations thereunder.

5. Receipt and Disbursement of Revenue.

(a) NRUC shall collect, on behalf of the Owner, all mileage charges, car hire and other revenues paid by railroads with respect to the use of the Boxcars. NRUC shall be authorized to grant car hire claim relief and make other adjustments or refunds in favor of any railroad using the Owner's Boxcars on such terms and conditions as NRUC acting in good faith deems appropriate. Such mileage charges, car hire and other revenues are referred to herein as the "Gross Revenues". In addition to those items of expense which may be paid by NRUC for the account of Owner pursuant to this Agreement, NRUC shall, at the expense of Owner, pay the following designated expenses as may be required to be paid with respect to the Owner's Boxcars: movement and storage expenses, any sales tax which may be imposed with respect to such Gross Revenues, ~~car hire claim relief allowed any railroad by NRUC as aforesaid, and adjustments or refunds of Gross Revenues payable to railroads.~~ Such designated expenses are referred to herein as the "Designated Expenses." The excess of the Owner's Gross Revenues over Designated Expenses is referred to herein as the "Aggregate Net Revenues". The Owner's Aggregate Net Revenues for each calendar quarter are referred to herein as the "Owner's Quarterly Net Revenues".

(b) NRUC shall make disbursements on behalf of the Owner from the Owner's Aggregate Net Revenues of the following expenses applicable with respect to the Boxcars owned by the Owner:

after adjustment for such car hire claim relief and such other adjustments or refunds

(i) The management fee payable to NRUC as provided in Paragraph 7;

(ii) Subject to Optional Maintenance Agreement, if in effect, costs of maintenance and repair for which the Owner is responsible hereunder;

(iii) Maintenance fees payable to NRUC pursuant to the Optional Maintenance Agreement if in effect;

(iv) Personal Property and similar taxes; and

(c) Subject to Section 16 hereof, NRUC shall distribute Owner's Quarterly Net Revenues, less any expenses paid pursuant to subparagraph (b) hereof, quarterly, 15 days after the close of each calendar quarter. Such disbursement shall be to the Owner and shall be accompanied by a report to the Owner in sufficient detail to permit calculation of the management fee and any other sums due NRUC at that time.

(d) In the event that Gross Revenues are insufficient to discharge the expenses (including Designated Expenses) attributable to the Boxcars for which Owner is responsible as specifically set forth herein, the Owner shall pay such expenses as are not covered by the Gross Revenues for which the Owner is so responsible or promptly reimburse NRUC for payment of the same as the case may be. The expenses attributable to the Boxcars for which Owner is not responsible as aforesaid, if any, shall be the responsibility of NRUC and shall not be deductible from the Gross Revenues. To the extent Owner so pays (or reimburses NRUC for) expenses pursuant to this subparagraph, Owner shall be entitled to reimbursement for the amounts so paid from the Owner's Quarterly Net Revenues after payment of the management fee for such quarter, if not deferred, and, to the extent such expenses have not been reimbursed prior thereto, from the net proceeds from the sale, lease or other disposition of the Boxcars after payment to NRUC of the exclusive agency fee due pursuant to Section 19 hereof, but before payment of any deferred management fees.

6. Conflicts of Interest. Owner understands that NRUC is managing other boxcars for its own account and for the account of persons associated with NRUC and that NRUC may have conflicts of interest between the management of Owner's Boxcars and other boxcars owned, controlled or managed by NRUC. Although there can be no assurance that the Owner's Boxcars will earn revenues equal to those of other railroad equipment owned, controlled, or managed by NRUC, NRUC agrees to use reasonable efforts to integrate the Owner's Boxcars into the fleet of railroad equipment owned, controlled, or managed by NRUC and to manage the Owner's Boxcars in a manner consistent with the management by NRUC of railroad equipment for its own account and the account of affiliated persons in an effort to provide

the same rate of utilization for the Owner's Boxcars that it achieves for all other boxcars which it owns, manages or leases. NRUC shall have no liability under this Section 6 except for fraud, bad faith or gross mismanagement.

7. Management Fee.

(a) Subject to subparagraph (b) of this Section 7, in consideration of all management services performed by NRUC, the Owner agrees to pay NRUC a management fee of (i) 10% of Gross Revenues received in a calendar quarter up to Gross Revenues of \$2420 in a calendar quarter, (ii) 75% of the Gross Revenues in excess of \$2420 received in a calendar quarter up to \$3146 of Gross Revenues in a calendar quarter and (iii) 50% of Gross Revenues received in a calendar quarter in excess of \$3146, up to a maximum management fee of 30% of Gross Revenues.

(b) Notwithstanding the provisions of subparagraph (a) of this Section, payment of management fees to NRUC may be deferred by the Owner to the extent provided in this subparagraph. Such fees will be deferred by the Owner to the extent, and so long as, the sum of Owner's Quarterly Net Revenues, less any expenses paid pursuant to subparagraph 5(b), computed on a cumulative cash basis from the date of commencement of this Agreement (the "Net Cumulative Boxcar Revenues"), do not exceed the sum of for each Boxcar at any time under management hereunder, \$1455 times the number of full (i.e. 90 days) quarters of such management which have elapsed from the date of commencement of this Agreement to the date of the computation. Fees deferred for any quarter shall be paid to NRUC in the first subsequent quarter (and each quarter thereafter) to the extent that the Owner's Net Cumulative Boxcar Revenues less any expenses paid pursuant to subparagraph 5(b) through each quarter exceed the sum of for each Boxcar at any time under management hereunder, \$1455 times the number of full quarters of such management which have elapsed from the date of commencement of this Agreement to the date of the computation, until the aggregate deferred fees for all prior quarters have been paid. However, management fees to NRUC (including fees theretofor deferred) may be similarly deferred with respect to any quarter except to the extent that Owner's Quarterly Net Revenues, less any expenses paid pursuant to subparagraph 5(b), with respect to such quarter exceed the sum of \$1455 times the number of Boxcars under management hereunder during such quarter. In the event of termination of this Agreement, all remaining deferred unpaid management fees hereunder shall be paid solely from the net proceeds from the sale, lease or other disposition of the Boxcars after payment to Lender of amounts then outstanding under the Financial Documents (as hereinafter defined), if any, and payment to NRUC of the exclusive agency fee payable pursuant to Section 19 hereof. The computation of when Owner shall be entitled to defer the Management Fee and of when NRUC shall be entitled to be paid any Management Fees so deferred shall be adjusted to reflect the fact that the number of days from the commencement of this Agreement to the end of the first calendar quarter during which this Agreement commenced is less than 90 days.

(c) On January 15, 1981 and on each January 15 thereafter NRUC shall compute its management fee on an annual basis for the preceeding calendar year and shall refund to the Owner any management fee paid (or reduce the amount deferred) for the preceeding calendar year in excess of the sum of (i) 10% of Gross

Revenues received in such calendar year up to Gross Revenues of \$9680; (ii) 75% of Gross Revenues in excess of \$9680 received in such calendar year up to \$12,584 of Gross Revenues in such calendar year; (iii) 50% of Gross Revenues received in such calendar year in excess of \$12,584, ^{or in excess of} 30% of Gross Revenues received in such calendar year.

8. Express Powers Delegated to NRUC. NRUC shall have the power, in addition to the general powers set forth in Section 4:

(a) To affix to the Boxcars the railroad markings of a railroad owned or controlled by NRUC;

(b) To enter into arrangements with other railroads to grant per diem reclaim when deemed prudent to maximize revenues; and

(c) At the option and at the expense of NRUC, to affix the NRUC logotype insignia to each side of the Boxcars in standard size.

9. Assignment. (a) This Agreement is not assignable by NRUC except with the prior written consent of the Owner; provided, however, that this Agreement may be assigned by NRUC in connection with the merger or consolidation of NRUC into or with a corporation which is subject to the reporting requirements of the Securities Exchange Act of 1934, pursuant to Section 13 or 15(d) of that Act, or as part of the sale of substantially all of the assets of NRUC to such a corporation, provided that notice of such merger, consolidation, or sale shall be given to Owner at least 30 days prior to the effective date thereof.

(b) This Agreement is not assignable by Owner except with the consent of NRUC (except as provided in Section 16 and in section 20(h) hereof) which consent may be withheld or conditioned in its discretion.

10. Compliance with Applicable Laws and Rules and Regulations. In connection with NRUC's management of the Boxcars, NRUC will comply, and will cause every railroad whose markings appear on the Boxcars to comply, and to the extent feasible will cause each user of the Boxcars to comply, in all respects, with all laws, rules, or administrative decisions of the jurisdictions in which operation of the Boxcars may extend, with the interchange rules of the AAR and with all rules, regulations, edicts, and/or decisions of the DOT, the ICC, the AAR and any other government or industry authority exercising any power or jurisdiction with respect to the Boxcars, to the extent that such may affect the title, revenues, operation or use of the Boxcars in any manner whatsoever; provided, however, that NRUC may, in good faith, at its expense, contest the validity or application of any such law or rule in any reasonable manner, provided further that independent legal counsel for NRUC is reasonably of the opinion that contesting such law or rule will not adversely affect the property or rights of the Owner or the interests of the Lenders and such counsel provides such an opinion to Owner and/or Lenders, if requested.

In addition to the compliance provided in the preceding paragraph, NRUC shall specifically ascertain and assure that any and every railroad whose markings may be placed on the Boxcars as a result of this Agreement shall at all times comply with all applicable provisions of Part 1036, Sub-Chapter X of Title 49 of the Code of Federal Regulations -- Incentive Per Diem Charges on Boxcars, and any successor provisions thereto.

11. Indemnification. Owner and NRUC jointly and severally acknowledge, agree and covenant that NRUC is entering into this Agreement solely as the agent of the Owner.

(a) The Owner agrees that he shall not attempt to enter into contracts or commitments in the name, or on behalf of, NRUC, or to bind NRUC in any manner or respect whatsoever except insofar as may be consistent with NRUC's status as agent under this Agreement. Further, the Owner agrees to indemnify and hold NRUC harmless from any and all claims, demands, causes of action (at law or equity), costs, damages, reasonable attorneys' fees, expenses and judgments which may hereafter be asserted against or sustained by NRUC by reason of a claim of a third party against NRUC for personal injury or damage to property based on or relating to the Boxcars or arising out of operation or use thereof or the Owner's title thereto, except a claim which gives rise to NRUC's obligation to indemnify the Owner hereunder, ~~and such nonpayment shall continue for five (5) days thereafter.~~

(b) NRUC agrees that it shall not attempt to enter into contracts or commitments in the name, or on behalf of, the Owner, or to bind the Owner in any manner or respect whatsoever except insofar as may be consistent with NRUC's status as agent under this Agreement. NRUC agrees to indemnify and hold harmless the Owner from and against any and all claims, demands, causes of action (at law or equity), costs, damages, reasonable attorneys' fees, expenses and judgments which may hereafter be asserted against or sustained by the Owner by reason of a claim based on or relating to the Boxcars or arising out of the operation or use thereof or the Owner's title thereto, except (i) third party liability claims not arising out of or resulting from NRUC's negligence or breach of its obligations, and (ii) claims resulting from any act or omission of the Owner.

12. Default. The occurrence of any of the following events shall be Events of Default hereunder:

(a) The nonpayment by NRUC when due of any sums required to be paid by NRUC hereunder and such nonpayment shall continue for five (5) days thereafter or the nonpayment by Owner within ten (10) business days after written notice of any sum required hereunder to be paid by Owner;"

(b) Any material representation or warranty of either party under this Agreement or by NRUC under the Certificate of Acceptance shall prove to be incorrect in any material respect;

OK
("third party liability claims")

(c) The default by either party under any other material term, covenant or condition contained in this Agreement which is not cured within fourteen (14) days after written notice thereof from the other party;

(d) Any affirmative act of insolvency by NRUC, or the filing by NRUC of any petition or action under any bankruptcy, reorganization, insolvency, or moratorium law, or the filing of any such petition or action against NRUC that is not dismissed within sixty (60) days after such filing against NRUC, or the appointment of any receiver or trustee to take possession of the properties of NRUC unless such appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment;

(e) The subjecting of any of the property of NRUC to any levy, seizure, assignment, application or sale by any creditor or governmental agency which substantially impairs the capacity of NRUC to fulfill its obligations under this Agreement; and

(f) The assignment of this Agreement by either party in violation of Section 9 hereof; and

(g) Any material representation or warranty of NRUC under the Purchase Agreement or the Optional Maintenance Agreement should prove to be incorrect in any material respect or a breach by NRUC of its obligations under either of such agreements.

13. Remedies Upon Default.

(a) Upon the occurrence of any Event of Default the non-defaulting party may (i) terminate this Agreement or (ii) proceed by appropriate court action to enforce performance of this Agreement by the defaulting party and/or (iii) sue to recover direct and consequential financial damages which result from a breach hereof, and such defaulting party shall bear the other party's costs and expenses, including reasonable attorneys' fees, in securing such enforcement or financial damages.

(b) In the event of default by NRUC, the Owner may, by notice in writing to NRUC, terminate NRUC's right to possession of the Boxcars; and thereupon the Owner may demand, and thereupon be entitled to delivery of the Boxcars pursuant to subparagraph 14(b) hereof (except that the costs and expenses of assembly, delivery, storage and transportation of the Boxcars would be for the account of NRUC) and/or may, by the Owner's agents, enter upon any premises where the Boxcars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of NRUC. NRUC hereby expressly waives any and all claims against the Owner and the Owner's agents for damages of whatever nature in

connection with any retaking of any of the Boxcars in any reasonable manner.

(c) In the event of default by NRUC, the Owner may demand that an escrow account be established to receive all car hire revenues and mileage charges and any other sums accruing and payable with respect to the use of Boxcars, and NRUC shall take all necessary action to establish the escrow account and to provide for the direct payment of all such car hire revenues, mileage charges and other sums directly to the escrow account for payment to the Owner, as provided in this Agreement (subject to the payment by the escrow agent of any management and maintenance fees earned and payable to NRUC under this Agreement or under the Optional Maintenance Agreement). Such escrow account will be established at a national bank with a capital and undivided surplus of at least \$25,000,000 to be chosen by Owner and approved by NRUC (which approval shall not be unreasonably withheld).

(d) In the event of default by the Owner, NRUC, by notice in writing to the Owner, may terminate its obligations hereunder other than its obligations under Section 14(b); provided, however, in exercising such right of termination, NRUC shall act in a commercially reasonable manner and, further provided, NRUC shall not be relieved of any liability to Owner hereunder arising prior thereto.

(e) Each and every power and remedy herein specifically given to the Owner or NRUC shall be in addition to every other power and remedy herein specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by Owner or NRUC. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Owner or NRUC in the exercise of any such power or remedy and no extension of time for any payment due hereunder shall impair any such power or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted by either the Owner to NRUC or NRUC to Owner shall not otherwise alter or affect the respective rights and obligations of the Owner and NRUC. The acceptance of any payment of the Owner or NRUC after it shall have become due hereunder shall not be deemed to alter or affect the respective rights and obligations of the Owner and NRUC with respect to any subsequent payments or defaults therein.

14. Termination. In addition to the termination rights provided in Section 13, this Agreement shall terminate as provided in this Section.

(a) This Agreement shall terminate with respect to any Boxcar sold (except as otherwise provided in Section 9 or 16 hereof), lost or destroyed (or damaged beyond repair).

(b) At the expiration or upon termination of this Agreement as to any Boxcar, NRUC will, at the option of the Owner, surrender possession of such Boxcar to the Owner by immediate delivery of the same to the Owner at such place as the Owner shall designate in writing to NRUC or by causing the Boxcar to be moved from point to point in the usual and customary manner to be delivered to a point designated by the Owner within a period designated by the Owner, which period shall end (and such delivery shall be made) not later than one hundred twenty (120) days following termination. NRUC shall exercise reasonable efforts to keep the Boxcars in operation and producing car-hire revenues during such period. It is expressly agreed that (except as provided in subparagraph 13(b) hereof) assembling, delivery, storage, and transporting of the Boxcars is at the expense and risk of the Owner. A Boxcar shall no longer be subject to this Agreement upon removal therefrom of the railroad markings placed thereon by NRUC which removal shall be accomplished by NRUC and at NRUC's expense immediately upon the arrival of the Boxcar at the point designated by the Owner. The placement of such other markings as may be designated by the Owner shall be accomplished by NRUC at the Owner's expense. Notwithstanding the above, if the Boxcars are on, or are delivered to, the railroad line of NRUC or its affiliates upon any expiration or termination of this Agreement, NRUC shall grant immediate access to the Owner or the Owner's agents, if requested, to remove the railroad markings from the Boxcars and place thereon such markings as may be designated by the Owner. After the removal and replacement of markings, if so requested by Owner, NRUC shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment. NRUC, at the expense of the Owner, will arrange for storage of the boxcars for such period of time as shall be reasonably required by the Owner. From and after termination of this Agreement with respect to a Boxcar, all revenues earned by such Boxcar through the date of its return to the point designated by the Owner shall be paid to the Owner when and as received after deducting the management fee provided in Section 7, and any costs incurred in connection with such Boxcar.

(c) This Agreement shall terminate at the option of the Owner in the event that for any period of four successive calendar quarters the Boxcars are on the average off line and earning revenues less than 80% of the days in such period on which the Boxcars are under the management of NRUC.

(d) This Agreement shall terminate at the option of the Owner if the percentage of days during any twelve consecutive month period which the Boxcars owned by NRUC and by persons or entities associated with NRUC are utilized in revenue earning service exceeds by more than 5% the percentage of days during the same period which the Boxcars are so utilized. (NRUC agrees to provide Owner

owner shall have 90 days from the receipt of such information within which to give notice of such termination which shall be within 90 days after the giving of such notice.

with the information necessary to determine such utilization percentages.)

(e) Lenders shall have the right, on behalf of the Owner, to terminate this Agreement in the event of a default under the Finance Documents, as hereinafter defined.

15. Representations, Warranties and Covenants. NRUC represents, warrants and covenants that:

(a) NRUC is a corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina and has the corporate power and authority and is duly qualified and authorized to do business wherever necessary to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement (and, if in effect, the Optional Maintenance Agreement).

(b) The entering into and the performance of this Agreement (and, if in effect, the Optional Maintenance Agreement) will not violate any judgment, order, law or regulation applicable to NRUC, or result in any breach of or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of NRUC or on the Boxcars pursuant to any instrument to which NRUC is a party or by which it or its assets may be bound.

(c) Except as disclosed to Owner by letter dated and delivered to Owner of even date herewith, there is no action or proceeding pending or threatened against NRUC before any Court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or condition, financial or otherwise, of NRUC or on the utilization of or revenues generated by the Boxcars.

(d) NRUC is not a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as NRUC can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of NRUC or the ability of NRUC to perform its obligations under this Agreement.

(e) With respect to any Boxcars which shall bear the markings of the St. Lawrence Railroad, a division of NRUC, NRUC shall be eligible and entitled to collect per diem, incentive per diem and mileage charges on the Boxcars in the possession of other railroads. In the case of Boxcars bearing the markings of other railroads owned or controlled by NRUC, the railroad whose markings are placed on such Boxcars shall likewise be eligible and entitled to receive per diem,

incentive per diem and mileage charges on the Boxcars in the possession of other railroads.

(f) There is no procedure known to NRUC for recording, filing or depositing this Agreement, or the Certificates of Acceptance, other than pursuant to Section 11303 of Title 49 of the United States Code, which is necessary or advisable to preserve or protect the title of Owner to the Boxcars in the United States of America.

(g) No state or local taxing authority is presently assessing any personal property or ad valorem taxes against boxcars operated by NRUC.

16. Rights of Secured Party. NRUC recognizes that the Owner may finance all or part of the purchase price of the Boxcars with a Lender (Lenders) and that in connection with such financing the Owner may grant to the Lender through appropriate financing documents (Finance Documents) a security interest in the Boxcars and this Agreement. NRUC and the Owner hereby expressly acknowledge that their respective rights under this Agreement shall be subordinate to any such security interest. Upon receipt of notice from Owner that the Owner has granted a security interest in the Boxcars and in this Agreement to Lender, with directions to NRUC to pay all revenues and other moneys due to the Owner hereunder directly to Lender, NRUC agrees to thereafter pay all such revenues and other moneys directly to Lender until notified to the contrary by Lender.

Upon receipt of notice from the Lender of the occurrence of any event of default under the Finance Documents or any note thereby secured (after giving effect to any express curative period), NRUC may deal with the Lender as successor in interest to the rights of the Owner under this Agreement and shall be bound only to the directions of the Lender. NRUC agrees to provide any Lender of which NRUC has knowledge notice of the occurrence of any Event of Default by the Owner and shall treat the Lender as successor in interest to the rights of the Owner hereunder, provided the Lender shall have cured or remedied such default within thirty (30) days after receipt of such notice.

No provision of this Section 16 shall be construed to (i) impair or qualify the Owner's absolute title to and ownership of the Boxcars; (ii) impair, limit, qualify or derogate from the agency, powers, duties, authority and responsibilities delegated to NRUC by the Owner under this Agreement; or (iii) impair, limit or qualify the rights, indemnities and remedies of NRUC under this Agreement, subject only to the rights of the Lender in the Boxcars.

Lender shall have the right to extend the term of this Agreement beyond April 15, 1990 by written notice to NRUC at least

thirty (30) days prior thereto if Owner's obligations to Lender under the Finance Documents have not been fully satisfied at such time, the extension to continue until the last day of the quarter during which such obligations become satisfied.

In the event Lender, in good faith, believes there has been a material adverse change in the financial condition of NRUC, NRUC, upon receipt of notice from Lender to this effect and directions from Lender to distribute the sums due under Section 5(c) hereof on the 15th of each month to the extent such sums were received (less expenses paid) during the prior month rather than quarterly as provided therein, agrees to comply with such directions. The reports required under Section (c) to accompany such distributions may be provided quarterly if NRUC is not then providing monthly reports to any other owner.

17. No Intention to Create Partnership. Notwithstanding that NRUC is and will be managing Boxcars for the accounts of other owners under agreements which may be similar to this Agreement as regards the rights and obligations of the parties, it is understood and agreed that this Agreement binds only the parties hereto with respect to those Boxcars as to which NRUC has executed Certificates of Acceptance pursuant to this Agreement. NRUC will not act or purport to act for or in the name of the owners of boxcars who may have entered similar agreements collectively or an an entity, it being expressly understood that any actions taken on behalf of such owners will be taken as agent for such owners, severally and individually. The parties hereto expressly agree that this Agreement is not intended to create a partnership, joint venture or other entity between Owner, other owners of boxcars who may have entered similar agreements, and/or NRUC.

18. Accounts Receivable. NRUC agrees that it shall at all times follow normal, reasonable and prudent collection procedures in the collection of accounts receivable arising from car-hire revenues, mileage charges and other sums accruing from the operation and use of the Boxcars. Such procedures will provide the same monitoring and collection efforts which NRUC expends on accounts receivable arising with respect to other boxcars owned and managed by NRUC, and NRUC shall provide the same efforts and procedures used by NRUC with respect to other boxcars owned and managed by it to monitor and settle any claims by railroads operating the Boxcars for credits or repayments with respect to any such car hire revenues, mileage charges and other sums.

19. NRUC Exclusive Agent for Sale of Boxcars.

(a) NRUC is hereby designated the exclusive agent for the Owner for the sale or lease of any Boxcar subject to this Agreement. However, NRUC shall not have such exclusive agency rights

in the event that this Agreement is terminated as a result of an Event of Default by NRUC hereunder or is terminated under paragraph 14(c) hereof.

(d) or (e) (b) Upon receipt of directions from Owner to dispose of one or more Boxcars, NRUC shall endeavor to find a buyer or lessee for the same. In the event that NRUC has effected a sale at the direction of Owner, or in the event NRUC has exclusive agency rights as to such transaction, NRUC shall be entitled to a commission of 20% of the sales proceeds regardless of whether NRUC, another agent or the Owner himself secures the buyer. In the event of a lease under such circumstances, commissions shall be paid NRUC with respect to each rental payment due in the amount of 20% of the rental. No commission shall be due in the event of a transfer of the Boxcars pursuant to the reorganization of the Owner. No commission shall be payable with respect to a sale or lease which does not terminate the status of NRUC as managing agent of the Boxcars hereunder or pursuant to a successor agreement with the purchaser or lessee.

20. Miscellaneous.

(a) This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No permitted assignment hereof shall relieve the assignor from any obligations hereunder, whether arising before or after the date of such assignment.

(b) Each party hereto shall promptly and duly execute and deliver to the other party such further documents, assurances, releases and other instruments, and take such further actions, including any necessary filings and the execution of a power of attorney of Owner, as the other party may reasonably request, in order to more fully carry out the intent and purpose of this Agreement, and to confirm the Owner's ownership of the Boxcars during the continuance of and upon termination of this Agreement.

(c) It is understood that upon the termination of NRUC's management as to any or all of the Boxcars, Owner shall no longer be entitled to use the ORER and UMLER Car Initials and Numbers and other designations (the "Designations") that are presently the property of NRUC. Owner hereby authorizes NRUC, and NRUC shall be required as provided in subparagraph 14(b), upon such termination at NRUC's expense to take all steps necessary to promptly change the Designations on the Boxcars no longer included under this Agreement, and Owner agrees to execute any and all documents requested by NRUC to transfer to NRUC any rights Owner may have acquired to such Designations, if any. NRUC agrees to prepare, at NRUC's expense, such documentation, which in its opinion, is necessary to change all Designations on the Boxcars.

(d) Any notice required or permitted to be given by one party to another hereunder shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Owner at: Three Radnor Corporate Center
Suite 400
100 Matsonford Road
Radnor, Pennsylvania 19087

National Railway Utilization Corporation at:

1100 Center Square East
1500 Market Street
Philadelphia, Pennsylvania 19102

or to such other address as may be designated in a notice given in accordance herewith.

(e) This Agreement contains the entire agreement of the parties hereto pertaining to the management and operation of the Boxcars. Except as otherwise provided herein, this Agreement may not be modified or amended, except by express, written agreement signed by both parties hereto. No waiver of any obligation of either party hereto shall be construed as a continuing waiver of any such obligation under any provision hereof.

(f) This Agreement shall be governed by and construed according to the laws of the State of South Carolina.

(g) Nothing contained herein shall be construed as a waiver of Owner to any rights which Owner may have to demurrage payments and such payments shall be included in the term "Gross Revenues".

(h) Anything contained in this Agreement to the contrary notwithstanding, Owner may, without the consent of NRUC, assign this Agreement and its interest in the Boxcars to a wholly-owned subsidiary or a related entity. Upon notice to NRUC of such assignment and transfer and the agreement of such subsidiary or entity to assume the obligations of the Owner hereunder, NRUC shall treat such subsidiary or entity as the successor in interest to the rights of the Owner hereunder.

(i) NRUC agrees to provide Owner with an opinion of counsel, addressed to Owner and Lender, and supporting corporate authorizing documents covering the due authorization, execution and delivery of this Agreement and related agreements, the enforceability

of such agreements, the vesting of good title to the Boxcars in Owner, the recording of this Agreement with the ICC and the matters covered by Section 15 hereof, such opinion may contain the exceptions usually acceptable to a Lender in a transaction of this nature, upon request of Owner if Owner is requested to secure such documents as a condition of the permanent financing of the Boxcars.

(j) The payments due Owner pursuant to Paragraph 5(c) hereof shall be made by wire transfer of federal or other immediately available funds to such account as Owner may from time to time designate in writing to NRUC. Payments not made when due shall bear interest at an annual rate of 12.5% until paid.

21. Elections by Owner. The Owner has made the determinations set forth in this Section and as evidenced herein:

(a) Physical Damage Insurance. Pursuant to subparagraph 4(e) of this Agreement, the Owner hereby, by initialling the appropriate space,

 does does not

direct NRUC to seek to obtain and maintain, at the expense of Owner all risk physical damage insurance against damages to each Boxcar in an amount not less than 100% of the invoice price thereof, with a \$500 deductible applicable on a per Boxcar basis. Owner understands that the availability of such insurance is not assured.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ATTEST:

NATIONAL RAILWAY UTILIZATION
CORPORATION

Martha E. Turner

Title: Assistant Secretary

By: *Charles P. Tumbly*

Title: Vice President

ATTEST:

Harold H. P.
Secretary

BALARD LEASING CORPORATION

By: *[Signature]* Owner

Title: VICE PRESIDENT

STATE OF

Pa.

)

COUNTY OF

Phila

)

On this 13th day of Sept, 1979, before me personally appeared Charles P. Turnhursie, who being by me duly sworn, says that he is Vice President of NATIONAL RAILWAY UTILIZATION CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal.

Nita Godmilow

Notary Public

My Commission expires

NITA GODMILOW

Notary Public, Philadelphia, Philadelphia Co.

My Commission Expires September 17, 1979

STATE OF

Pa.

)

COUNTY OF

Phila

)

On this 13th day of Sept, 1979, before me personally appeared RICHARD E. CARUSO, who being by me duly sworn, says that he is the VICE PRESIDENT of Balard Leasing Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Nita Godmilow

Notary Public

My Commission expires

NITA GODMILOW

Notary Public, Philadelphia, Philadelphia Co.

My Commission Expires September 17, 1979

EXHIBIT A
TO
MANAGEMENT AGREEMENT
CERTIFICATE OF ACCEPTANCE

To: Balard Leasing Corporation
Three Radnor Corporate Center
100 Matsonford Road
Radnor, Pennsylvania 19087

National Railway Utilization Corporation ("NRUC"), as managing agent under a Management Agreement (the "Management Agreement") between the addressee and NRUC dated as of _____, 1979, hereby certifies that a duly authorized inspector for NRUC has made an inspection of 100 boxcars bearing numbers and marks as follows (the "Boxcars"):

Road Numbers

Place Accepted

NRUC further certifies that:

1. Such Boxcars are 70-ton 50'6", rigid underframe, single sheath class XM boxcars and the above numbers and marks have been registered by NRUC (or a railroad controlled by NRUC) with the Association of American Railroads.
2. The Boxcars have been delivered to Owner at the locations indicated above and inspector has fully and finally accepted such Boxcars at such locations on behalf of the addressee as Owner and NRUC as managing agent and has found that each of such Boxcars is plainly marked in stencil on both sides with the following similar words:

"Ownership subject to documents filed pursuant
to the Interstate Commerce Act."

in readily visible letters not less than one inch (1") in height; and that each of such Boxcars conforms to and fully complies with the terms of the Management Agreement and is in condition satisfactory to NRUC. (Immediately upon execution hereof by NRUC, the Boxcars shall be managed by NRUC, as Managing Agent for Owner, pursuant to the Management Agreement.)

NRUC further represents and warrants that:

1. The Boxcars have been manufactured in accordance with specifications approved by NRUC and required therefore pursuant to the Purchase Agreement (as defined in the Management Agreement) and meet all standards required of boxcars of similar class (and of boxcars of class XF) by the Interstate Commerce Commission, the Department of Transportation and the Association of American Railroads.

2. The Boxcars bear the markings of a railroad owned or controlled by NRUC being the

3. The Boxcars will be first placed in service (within the meaning of Treasury Regulation 1.167(a)-11(e)(1) on the date hereof immediately after acceptance thereof.

The foregoing Certificate of Acceptance is hereby confirmed and acknowledged as the act and deed of National Railway Utilization Corporation as of the date thereof.

ATTEST:

NATIONAL RAILWAY UTILIZATION
CORPORATION

By: _____

Date: _____

STATE OF)

COUNTY OF)

On this day of , 1979, before me personally appeared to me personally known, who being duly sworn, says that he is the Vice President of National Railway Utilization Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal.

Notary Public

My Commision expires: _____

Management Agreement dated as of September , 1979
Manager: NRUC
Owner: Balard Leasing Corporation

SCHEDULE 1 BOX CARS

<u>Delivery Point</u>	<u>No. of Cars</u>	<u>Road Numbers</u>
GOLDEN TYE Pickins, South Carolina Ken Hawley 803/232-7799	<u>1</u>	NSL 151644 ✓
GREENVILLE & NORTHERN RAILWAY Mr. Tedford 803/232-6441	10	NSL 151546 - 151548 ✓ 151551 - 151556 ✓ 151558 ✓
WARESHOALS RAILROAD Wareshoals, South Carolina Mr. Bollentine 803/456-4234	10	NSL 151606 - 151615 ✓
HARTWELL RAILWAY COMPANY Hartwell, Georgia Mr. Bowers 404/376-2627	44	NSL 151544 ✓ 151549 - 151550 151557 ✓ 151559 - 151560 ✓ 151591 - 151605 ✓ 151616 - 151620 ✓ PT 206040 ✓ 206043 - 206048 ✓ 206056 - 206066 ✓
GEORGIA RAILROAD Atlanta, Georgia Charles Grenade 404/355-0802	32	NSL 151485 - 151500 ✓ 151502 - 151509 ✓ 151514 - 151518 ✓ 151521 151522 151524
LOCATIONS NOT DESIGNATED	<u>3</u>	NSL 151625 - 151627
TOTAL	<u>100</u>	